

**APPENDIX H**  
**W912DR-04-R-0082**  
**GLOSSARY OF SELECTED TERMS**

The Terms within this glossary are defined for purposes of this solicitation. If the definition of a term conflicts with general usage, the definition in this Appendix or within the solicitation controls.

**Advisors:** Personnel who may assist the evaluators and provide their specialized, expert input regarding the strengths, weaknesses, inadequacies, risks, and deficiencies in proposals. These advisors will not determine ratings or rankings of offerors' proposals.

**Ancillary Supporting Facilities:** Facilities designed to provide services normally associated with support of travelers. These may include but are not limited to food and beverage operations, conference/meeting support functions, limited retail space, tot lots, hotel swimming pools, limited fitness facilities, kennels/pet runs, and other similar facilities for the support of Army transient lodging guests.

**Asset Management:** Asset Management includes making decisions or providing counsel on both operational and financial matters impacting the value of the asset. This includes making decisions on the effectiveness of the Property Manager in performance of their functions as well as cost benefit analyses of major capital improvement decisions, distributions of cash flow, ownership changes, taking down or repaying additional debt or equity, etc.

**Audited Financial Statements:** Financial statements of a company that have been professionally examined and verified by a Certified Public Accountant (CPA) to ensure fairness, consistency and conformity with Generally Accepted Accounting Principles (GAAP).

**Average Daily Room Rate (ADR):** The average daily room rate is the average rate charged for an occupied room. It is calculated by dividing the room revenue for a given period by the number of rooms occupied during a given period. For example: if a hotel reported a monthly room revenue of \$180,000 and had 2,250 occupied rooms during that same period the average daily room rate would be  $\$180,000 / 2,250$  or \$80.00.

**Capital Expenditure (CapEx):** The amount of money actually spent by the offeror to update design and décor, cure functional and economic obsolescence, comply with franchisors' facility requirements, make technological improvements, replace all short and long-lived building components due to wear and tear, and replace furniture, fixtures and equipment components. This includes all major and minor renovations during the stabilized operating period. It does not include renovations during the Initial Development

Period, nor does it include new construction/replacement during the stabilized operating period.

**Cash Waterfall:** A display that depicts the prioritization of funds in a cash flow.

**Clarifications:** Limited exchanges, between the Government and offerors, for the sole purpose of eliminating minor irregularities, informalities, or apparent clerical mistakes in the proposal. See FAR 15.306(a).

**Comments:** An observation that, had the weakness been addressed in a different manner, it would have added more value.

**Communications:** Exchanges between the Government and offerors after receipt of proposals, leading to establishment of the competitive range. This term is normally used to clarify adverse past performance information to which an offeror has not had a prior opportunity to respond. Communications may be conducted to enhance Government understanding of proposals, allowing reasonable interpretation of the proposal or to facilitate the Government's evaluation process. See FAR 15.306(b).

**Contracting Officer:** The only person with the authority to sign a contract, obligate government funds, and enter into, administer, and/or terminate a contract. See FAR 2.101.

**Contractor:** An entity having a contract to provide specific services / products / deliverables.

**Current Asset:** Appearing on a company's balance sheet, it represents cash, accounts receivable, inventory, marketable securities, prepaid expenses, and other resources that can be converted to cash within one year.

**Current Liability:** Usually appearing on a company's balance sheet, it represents the amount owed for interest, accounts payable, short-term loans, expenses incurred but unpaid, and other financial obligations due within one year.

**Debt:** Capital loaned, without an ownership interest, at an agreed upon interest rate for a determinable term of years.

**Developer:** A person or company who has an ownership interest in and develops/improves real estate and builds, sells, and/or leases units placed thereon.

**Discussions:** Meetings that take place with all offerors within the competitive range, tailored to each offeror's proposal, to maximize the Government's ability to obtain best value based on the requirements and evaluation factors set forth in the Request for Qualifications.

**Equity:** The portion of an ownership interest in an asset such as real property or securities that is net of the amount financed. The amount of cash or other tangible capital invested in a real property asset whose risk of return is solely dependent upon the financial success of the asset and which is typically not secured by a debt instrument.

**Escrow:** Money, securities, or other property or instruments delivered by one party into the hands of a neutral third party, to be held by the third party until the conditions of a contract are met, and then delivered to the ultimate recipient. Also, an account for payment of specific items, such as property taxes and insurance.

**Evaluation Factors:** Factors that will be considered in evaluating proposals tailored to the RFQ that have an impact on the source selection decision.

**Extended-Stay Hotel:** These hotels offer guestroom kitchen facilities and are also classified as limited service hotels. They offer services and amenities consistent with those offered by other limited service hotels. Examples include but are not limited to Residence Inns, Homewood Suites, Mainstay Suites, StayBridge Suites, Candlewood Suites, Hawthorne Suites, and Extended Stay Americas. Some but not all hotels in this category offer complimentary continental breakfasts. Based on a random sampling of various hotel brands, guestroom sizes vary greatly, but generally range from 315 to 745 square feet per guestroom including two bedroom suites.

**FF & E:** A commonly used abbreviation for furniture, fixture, and equipment. These items are personal rather than real property assets. When developers, operators, and lenders quote a dollar cost of FF & E per room they may be using the term to apply to one of two alternatives. Most commonly, the FF & E cost per room includes all FF & E throughout the entire hotel (guestrooms, public space, and back of the house) divided by the total number of guestrooms. When utilized in this fashion for limited service hotels the FF & E cost may be in the range of \$8,000 to \$10,000 per room. FF & E cost may also be used to describe the cost of the FF & E located only in guestrooms. When used in this fashion the cost per room would more likely be \$4,000 to \$5,000 per room for limited service hotels.

**Fiduciary:** Relating to a legal trust. Involving one that holds something in trust for another.

**Fiscal Year:** A continuous 12-month time interval used for financial reporting. It is also the federal budget cycle which starts on 1 October and ends on 30 September of each year.

**Full-Service Hotel:** Generally mid-price, upscale or luxury hotels with a restaurant, cocktail lounge facilities, and banquet and meeting space. Service levels often include bell and door service, a concierge, valet parking, valet and laundry service, and room service. These hotels report food and beverage revenue. Examples include but are not limited to Ritz Carlton, Four Seasons, Hilton, Westin, Radisson, Wyndham, Holiday Inns, Marriott hotels and resorts, Omni, and Sheraton Four Points. Based on a random

sampling of various hotel brands, guestroom sizes vary greatly, but generally range from 325 to 500 square feet per guestroom, not including suites.

**Generally Accepted Accounting Principles (GAAP):** A technical term encompassing conventions, rules, and procedures of accounting that are “generally accepted” and have “substantial authoritative support”. Normally developed by agreement on the basis of experience, reason, custom, usage, and practical necessity, rather than being derived from a formal set of theories.

**Guaranty:** An agreement to pay the debt or perform the obligation of another in the event the debt is not paid or obligation not performed.

**Hard Costs:** The cost of construction including payments for labor, materials, and the contractor’s fees required to create a real property asset.

**Highly Qualified Competitive Group:** Those offerors whose submissions, in the Army’s judgment, are determined to be highly qualified and thus eligible for further consideration for a potential long-term business relationship.

**Joint Venture:** An association of two or more firms or individuals to operate as a single business entity for profit.

**Lease:** A signed contract between the property owner or authorized agent and an occupant granting use of real property during a certain period in exchange for a specified rent.

**Limited-Service Hotel:** Hotels with rooms-only operations although most offer a complimentary continental breakfast. These hotels offer a bedroom and bathroom for the night, but very few other services. Amenities are generally limited to pools, fitness rooms, and guest laundries. These hotels are often in the budget, economy, and mid-scale groups and do not report food and beverage revenue. Examples include but are not limited to Comfort Inns, Quality Inns, Fairfield Inns, Hampton Inns, Country Inns & Suites, Holiday Inn Express, La Quinta Inns & Suites, and Springhill Suites. Based on a random sampling of various hotel brands, guestroom sizes vary greatly, but generally range from 290 to 380 square feet per guestroom, not including suites.

**Loan:** A written promise committing the borrower to pay the lender an agreed-upon amount of money either on demand or at a specified future date, with or without interest.

**Lock Box:** A payment structure that ensures funds designated for a particular use are indeed used for that purpose. Normally, the lock-box format is tied to the cash waterfall.

**Lodging Development and Management Plan (“LDMP”):** Business plan for the specific project that will set forth the terms of the awardee’s long-term relationship with the Army.

**Major Project:** The new construction or renovation of a real property asset with a total cost of more than \$10 million dollars and in which the offeror has or had an ownership equity interest and is or was the developer of record.

**Military Housing Privatization Initiative (“MHPI”):** The authorizing legislation for the military housing privatization program. This legislation is found at title 10 of the United States Code, Sections 2871 through 2885.

**Net Worth:** The amount of assets exceeding liabilities.

**Net Working Capital:** Current assets less current liabilities.

**Occupancy:** Expressed as a percentage and commonly used to describe the number of available total guestrooms (the denominator) that are occupied (the numerator) over a specified period of time. The specified period may be daily, monthly, quarterly or annually.

**Offeror:** An offeror is defined as the single business entity that is responding to the PAL RFQ. The offeror may be comprised of one or more legal business entities. Examples of legal business entities include:

- A sole proprietor,
- A publicly held stock corporation,
- A privately held stock corporation,
- A partnership,
- A joint venture,
- A non-profit 501c3,
- A governmental non appropriated fund instrumentality,
- A combination of any or all of the above.

**Office of Management and Budget (“OMB”):** Part of the executive Office of the President that recommends and monitors federal programs and funding levels, develops and issues government-wide policy guidance on management concerns, and reviews proposed regulations.

**Operated or Managed:** Includes revenue generation, directing personnel, controlling cash receipts, payment of expenses, directing disbursements, funding reserve accounts, providing for routine maintenance as well as scheduled capital improvements, establishment of community governance structures, adherence to statutory and regulatory requirements, and achievement of high levels of guest satisfaction.

**Ownership interest:** Where a principal member has contributed cash or other equity directly to the entity that controls the project and the risk of return of the amount contributed is directly affected by the success of the project.

**PAR:** Per Available Room

**Past Performance Data:** Contractors' references, contractor report cards, survey data, or other data made available to the source selection authority.

**PER DIEM:** Within the continental United States (CONUS), the General Services Administration establishes per diem (daily) travel rates for all federal travelers. There are two components to the per diem travel rate assigned to travel destinations: (1) lodging, and (2) meals and incidental travel expenses. **RFQ references to room rates as a percentage of per diem are relative to the lodging portion of per diem only.**

The lodging per diem rate is the standard maximum allowable rate of reimbursement for daily lodging room rate expenses. (This allowance does not include taxes that may be payable by the traveler). Lodging per diem allowances are location specific and may be seasonal. In the event that actual daily travel expenses are less than the per diem rate assigned to a locale, the government reimbursement will be for the actual expense incurred. A federal traveler is not entitled to the difference between the actual expense paid and the per diem rate established for the travel destination. Per diem rates are set each October 1 and generally remain fixed for the subsequent 12 month period. Per diem rate appeals may be considered by GSA and, in exceptional circumstances, may result in mid-year adjustments.

**POR:** Per Occupied Room

**Principal Member:** A principal member of the offeror is as a member of a legal business entity that is accepting a fiduciary responsibility in the execution of the project. The fiduciary responsibility will be evidenced by one or more of the following criteria:

- It has made an at-risk equity contribution to the project,
- It is signatory to the lease as an at-risk lessee,
- It is signatory to the project's debt instrument(s) whether recourse or non-recourse,
- It is a member of the single business entity offeror in response to this solicitation and therefore directly and chiefly responsible for the development of (and may later be awarded the right to implement) the Lodging Development Management Plan.

In the context of the PAL RFQ, the single business entity offeror may or may not include a developer and/or hotel management company as a principal member.

**Pro Forma Financial Statement:** Financial statements showing what income, expenses, and net earnings are expected to occur based on assumed or anticipated facts.

**Proprietary Information:** Data or information owned by a contractor that is not publicly available.

**Property Management:** Property management is the on site management of the day to day activities of a real estate asset. The property manager is hired by the owner of a property and rated on the ability to carry out functions in a manner which produces the

maximum net operating income for the asset over a long term period. This includes: 1) Room Revenue Generation - Actively managing the asset to produce the highest occupancy rate while meeting the Army's goal of 75% per diem for official traveler's room rates. 2) Operations - Providing the highest level of service to occupants at the lowest cost possible with the objective of achieving high levels of guest satisfaction. 3) Maintenance and Repair - This includes on-going maintenance of guest rooms, common areas, and ancillary facilities. 4) Capital Improvements - The property owner will typically contract separately for major capital improvements to the assets, although the property manager may be involved in the coordination of that improvement.

**Reinvestment Account:** The accumulation of project funds at the end of the cash waterfall after payment of departmental expenses, undistributed operating expenses, fixed charges, debt service and equity return, and capital expenditures. Permitted expenses are new construction/replacement during the stabilized operating period.

**RevPAR:** Room revenue per available room. RevPar is calculated by multiplying a hotel's average daily room rate by the hotel's occupancy. For example: if a hotel earned an average daily room rate of \$80.00 at a 75 percent occupancy the RevPAR would be  $\$80.00 \times .75$  or \$60.00.

**Select Service Hotel:** Primarily rooms revenue driven hotels, that offer limited food and beverage service and facilities, meeting space, and limited catering services. Amenities usually include pools, fitness rooms, and guest laundries. Examples include but are not limited to Hilton Garden Inns, Courtyard Hotels, Doubletree Clubs, and some Holiday Inn Selects. Based on a random sampling of various hotel brands, guestroom sizes vary greatly, but generally range from 315 to 516 square feet per guestroom, not including suites.

**Significant Weakness:** A flaw in a proposal that appreciably increases the risk of unsuccessful contract performance.

**Small Business Concern:** A concern, including its affiliates, that is independently owned and operated and is not dominant in the field of operation in which it is bidding on government contracts. A small business concern must meet government criteria and size standards for its particular industry. See FAR 19.001.

**Soft Costs:** Outlays for architecture & engineering, interest, fees, appraisals, marketing, and third-party charges associated with real estate development.

**Source Selection:** A competitive procurement process where the award decision is based on a detailed examination of the Statement of Qualifications, evaluation factors, and oral clarifications.

**Statement of Qualifications ("SOQ"):** Written document submitted by an interested offeror in response to Section 4.3 of this RFQ.

**Strength:** A characteristic of an offeror's proposal that meets or exceeds an element of the solicitation and contributes to the conclusion that the offeror can successfully accomplish the project.

**Uniform Franchise Offering Circular (UFOC):** The information provided to prospective franchisee applicants. Each state has registration and disclosure requirements that must be met by hoteliers offering a licensing agreement in a franchise relationship. Content includes fee disclosures, litigation, initial investment representations, and other information pertinent to prospective franchisees. The initial investment disclosure is particularly helpful to understand the costs associated in developing and operating brand prototypes.

***Uniform System of Accounts for The Lodging Industry (Ninth Revised Edition):*** Identifies the hotel industry's generally accepted accounting principals as they relate to the chart of accounts for hotel income and expenses. It is particularly useful when interpreting hotel income statements, financial forecasts, and identifying corporate level service fees. Virtually all hotel industry hotel companies, research and consulting firms, appraisers, and hotel industry lenders utilize this chart of accounts.

**Weakness:** A characteristic of an offeror's proposal that fails to meet an element of the solicitation and contributes to the conclusion that an offeror may not be able to successfully implement the project.